GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:803
ANSWERED ON:17.08.2007
NABARD
Satheedevi Smt. P.

Will the Minister of FINANCE be pleased to state:

(a) whether National Bank for Agriculture and Rural Development (NABARD) has declined, to re-finance Co-operative Banks in Kerala;

(b) if so, the details thereof;

(c) whether the Government proposes to change the prevailing norms for refinancing the Co-operative Bank; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): No, Sir.

(b): Does not ariise.

(c) & (d) : NABARD provides refinance to banks for Agriculture lending. During the year 2006-07, NABARD has provided Short Term (Seasonal Agricultural Operations) (ST-SAO) refinance to State Cooperative Banks (SCBs), on behalf of eligible District Central Cooperative Banks (DCCBs), at concessional rates of interest of 2.5% p.a. with interest subvention from Government of India. The condition, for availing this refinance is that Cooperative Banks provi.de crop loans upto Rss.3.00 lakh per borrower at a rate of interest of 7% per annum.

While finalizing the scheme, it was decided that NABARD will provide refinance to Cooperative Banks at 2.5% in 2006-07 and this rate will be increased annually by 50 basis points to a level of 4%p.a. by 2009-10. Consequently, trie rate of interest on refinance waa fixed as follows : 2.5% during 2006-07; 3.0% during 2007-08; 3.5% during 2008-09 and 4.0% during 2009-10, This decision was communicated to NABARD and therefore, there ha.s been no change in the original scheme of refinance to Cooperative Banks by NABARD. As per the scheme the rate of interest on this concessional refinance is 3% p.a. for the year 2007-08.